

Resources to Recover:
*A Nonprofit Labor Market Intermediary
for Rural North Carolina*

by

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Executive Summary

On July 31, 2003, the Pillowtex plant in Kannapolis, NC closed its doors, laying off over 4,000 workers. The notion of the “economic disaster” was born, and in recent years has come to be defined as occurring when a significant proportion of the community’s workforce is laid off through no fault of the workers, generating a high unemployment rate, a significant loss of local revenue, and emergency service and workforce development needs that overwhelm local resources. Because these disasters are not confined to Kannapolis, but instead continue to affect many rural communities throughout North Carolina, key stakeholders in the State’s economic development agencies proposed an *Action Agenda* of policies and programs designed to help these communities and the dislocated workers who live in them successfully respond to the broad array of challenges presented by these economic disasters. As part of this agenda, two key policy documents recommended that policy makers develop an effective, collaborative response to economic disasters that involved the local voluntary non-profit sector, and specifically suggested the use of North Carolina Voluntary Organizations Active in Disasters (NC VOAD)—a natural disaster response organization—as a model for developing this program. The NC Rural Economic Development Center was tasked with developing this “economic VOAD” for North Carolina.

Based in large part on research and program development conducted on behalf of the Rural Center, this Master’s Project seeks to fulfill the policy recommendations laid out in the *Action Agenda* to develop a nonprofit response program for economic disasters. Specifically, this paper articulates a role for nonprofits as labor market intermediaries that can help connect dislocated workers to the state’s workforce development system through the use of networking and “conversational space” for coordination and strategic planning in the aftermath of these disasters. As the original economic disaster, the Pillowtex example is used as a touchstone to examine the broader causes and consequences of these disasters and as a model for nonprofit intermediaries. Placed within a broader historical, theoretical, and policy context, the result is a proposed policy tool known as Resources to Recover (R2R).

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I. Introduction

On July 30, 2003, the town of Kannapolis was rocked by the sudden closure of Pillowtex, the community's largest employer. In what became the largest layoff in state history, thousands of workers lost their jobs. Following the Pillowtex closure, state and community leaders coined the term "economic disaster" to describe the devastating effects that large-scale layoffs have on the dislocated workers who lose their jobs and on the communities where they were once employed. Unfortunately, economic disasters have become routine throughout rural North Carolina, displacing thousands of workers and weakening dozens of communities.

"Economic Disasters" and the Rural Challenge

The impacts of these layoffs are especially severe for rural communities dominated by traditional North Carolina industries like tobacco, furniture, and apparel that are particularly vulnerable to collapse following the recession of 2001 and the elimination of many protectionist trade policies over the past five years. Whether the result of a single mass layoff of 200 or more individuals, or the cumulative result of years of smaller layoffs, any job losses that come to represent a significant share of the labor force translates into broad negative impacts for the affected communities quite similar to the negative consequences of natural disasters. Just as natural disasters devastate the infrastructure of communities, so do these economic disasters wreak havoc on the fabric of people's lives, often representing permanent drops in the standard of living for workers, their families, and their communities. As the mills close, rural towns lose their major employer, and along with it, their tax base and often their primary source for municipal services; rural workers suddenly lose their livelihoods and face no immediate prospect for getting them back. As in other rural areas throughout the world, globalization is leaving many of rural North Carolina's workers behind; and before they can catch up, they must first survive.

Defined as those who lose their jobs through no fault of their own, these dislocated workers face significant barriers to financially viable reemployment, coupled with a daunting level of financial, human, and social service needs: delinquent mortgages, unpaid medical bills,

car payments, power bills. The costs keep adding up, with no end in sight. Even attempting to access available public assistance to meet these challenges presents crippling barriers for many dislocated workers, who face a byzantine labyrinth of Federal, state, and local programs offering a bewildering array of services requiring multiple trips to different government agencies. Added to this organizational complexity are social barriers, including low educational attainment and literacy levels, cultural resistance to accepting public assistance or “welfare,” and a debilitating psychological shock from the layoff. While some dislocated workers succeed in overcoming these barriers, most do not; they require direct and active assistance in two distinct phases after the disaster:

- Short-term relief—immediate need for emergency financial and social assistance to cover bills, keep the lights on, and maintain basic health primary health care.
- Long-term recovery—ongoing need for employment that provides a living wage. In the global, service-oriented economy, job training is vital for achieving this goal, both for the dislocated worker who needs to improve his skills, and for the region’s economic developers who need a skilled workforce to recruit and incubate higher-wage jobs—a challenge made even more pressing by low educational attainment rates.

Although these consequences are devastating for workers and their communities, they are hardly new to a nation that has experienced thirty years of economic restructuring, or “deindustrialization,” phenomena that have dramatically reduced traditional manufacturing employment throughout the United States. In North Carolina, however, the use of the term “disaster” to describe the effects of deindustrialization is relatively new and reflects a changing policy consensus on how to help dislocated workers. In this emerging consensus, disasters are seen as discrete events that can be anticipated and the consequences for workers and communities mitigated through systematic response planning for short-term relief and long-term recovery. In recent years, the issue of long-term recovery through job training and workforce development has gained special prominence among policy makers in recent years, as the State has sought to respond to the loss of manufacturing jobs in rural communities long dependent on traditional and declining industries.

An Action Agenda for Dislocated Workers

Following the Pillowtex closings, key stakeholders in the state's economic development and workforce system came together in late 2004 and created a Dislocated Worker Advisory Committee; the Committee in turn hosted a Dislocated Worker Action Summit, with the goal of assembling an action agenda to address the issues related to plant closures and dislocated workers. The fruit of this summit, the publication in April 2005 of *Gaining a Foothold: An Action Agenda to Aid North Carolina's Dislocated Workers*, made ten broad recommendations for addressing "economic disasters" and the short-term and long-term challenges surrounding dislocated workers. In an effort to implement many of these recommendations, the Workforce Commission initiated a series of different interagency task-forces in October 2005. One such Task Force, the Dislocated Worker Task Force, produced a series of specific policy recommendations in June 2006 that seeks to translate the Action Agenda into reality; this document is officially entitled *Recommendations to the Policy, Research, and Assessment Committee of the NC Commission on the Workforce*, and is referred to in this paper as the Task Force Recommendations (Taskforce, 2006).

Both of these policy documents proposed an innovative approach to economic disaster response. While most scholarly literature and public policy have traditionally emphasized the role of the public sector in helping dislocated workers and their communities respond to these disasters, the Action Agenda proposed the use of partnerships with the voluntary, nonprofit sector in order to strengthen the capacity of the workforce development system, just as the Department of Emergency Management (DEM) has used partnerships with nonprofit organizations to respond to *natural* disasters.

Specifically, Subrecommendation 8-3 of the *Action Agenda* called for an "effective, collaborative response to economic disasters involving local public leaders, and the voluntary non-profit sector." Within the body of this subrecommendation, the North Carolina Rural Center for Economic Development (the Rural Center) and relevant Workforce Commission staff were tasked with "setting up the equivalent of NCVOAD (North Carolina Voluntary Organizations Active in Disasters) for economic disasters to channel the energy of volunteer and nonprofit

organizations to connect with the workforce system.” The Task Force Policy Recommendations issued a similar call a year later in Recommendation IV.7 (Task Force, 17). Just as NC VOAD manages the legions of nonprofit, community-based, and faith-based organizations involved in natural disaster response, the Action Agenda stakeholders envisioned an “economic VOAD” to manage the similar activities of nonprofit organizations assisting with recovery from economic disasters. In North Carolina, NC VOAD is widely respected by the state’s natural disaster response managers, and is directly integrated into the Department of Emergency Management’s disaster response system. As such, this organization provided an excellent starting point for designing the “effective, collaborative response” by nonprofits envisioned by the Action Agenda.

In response to this tasking, the Rural Center sponsored a long-term research and program development agenda for a new nonprofit-centered economic disaster response model. Based on the results of almost 30 stakeholder interviews and additional primary research, the Rural Center completed a white paper written by this author aimed at fulfilling Subrecommendation 8-3 and Recommendation IV.7; this paper proposed a program model that seeks to mobilize nonprofit organizations (a catch-all term referring to all voluntary, nonprofit, faith-based, and community-based organizations) to help connect dislocated workers to the resources they need for immediate relief and long-term recovery.

Project Objectives

Based in large part upon this previous effort, this master’s project attempts to address the policy issue raised by Subrecommendation 8-3 and Recommendation IV.7, with special attention to the issue of addressing long-term recovery through connecting dislocated workers to the state’s workforce development system. Specifically, this paper examines three critical questions:

- What are economic disasters?
- What is the role of nonprofits in responding to these economic disasters?
- How should this role shape policy development for an “economic VOAD” and what should the program look like?

In answering these questions, this paper uses scholarly research, policy documents, and interviews with key stakeholders to argue that nonprofits can play a critical role in ensuring long-term economic recovery for rural dislocated workers and their communities by acting as an intermediary between workers and the State's workforce development system. Placed in a broader historical, theoretical, and policy context, the concrete result is a proposed policy tool targeted for use in rural North Carolina by local and state stakeholders in the workforce development system. Specifically, this paper proposes "networking" nonprofits together organizationally into a labor market intermediary called *Resources to Recover* (R2R) geared towards connecting dislocated workers to the state's job training resources.

In terms of organization, Chapter 2 will define economic disasters in the context of the broader phenomenon of deindustrialization, and Chapter 3 will use the scholarly research around the phenomenon to articulate a role for nonprofits in responding to these disasters. In Chapter 4, the case of the Pillowtex response is examined in an effort to draw policy lessons from a unified nonprofit response to the typology-defining economic disaster in Kannapolis. In an effort to draw additional lessons from the policy world, Chapter 5 examines existing policy approaches to utilizing nonprofits as labor market intermediaries throughout North Carolina. Building on these discussions, Chapter 6 proposes the policy tool, or program called Resources to Recover. Finally, Chapter 7 concludes this paper by drawing out generalizable conclusions about the role of nonprofits in responding to economic disasters.

II. Economic Disasters

In this chapter, the causes and consequences of economic disasters are discussed in the theoretical context of economic restructuring and deindustrialization, and against the historical backdrop of southern industrialization. Illustrated by the Pillowtex experience in Kannapolis, NC—the event which coined the term “economic disaster”—this chapter argues that the deep, historically-rooted dependency of many rural communities upon their mills and plants magnified the consequences of deindustrialization into outright disasters when global economic restructuring fully hit traditional North Carolina industries during the 2001 recession. While deindustrialization is hardly new, re-casting the phenomenon as an economic disaster is certainly new for North Carolina. This chapter argues that the disaster metaphor is appropriate for two reasons. First, the scale of the consequences for communities and dislocated workers in rural North Carolina can only be described as disastrous. Secondly, the term reflects a new policy consensus embodied in the Action Agenda that disasters are distinct events that can be anticipated and mitigated through planning and policy. Such planning, however, requires a precise understanding of what constitutes a disaster, and accordingly, this chapter reviews several policy debates to define economic disasters in the following way: when a significant proportion of the community’s workforce is laid off through no fault of the workers, generating a high unemployment rate, a significant loss of local revenue, and emergency service and workforce development needs that overwhelm local resources.

Anatomy of an Economic Disaster

Often called the “perfect storm” of closures, the Pillowtex experience provides an excellent example to illustrate the preceding argument, as well as an important model for responding (to be discussed in Chapter 4). As with many rural communities throughout the American South, the roots of Kannapolis’s economic disaster lie in the ways in which manufacturing plants became the economic, social, and financial center of gravity for the community. By way of historical introduction, North Carolinian entrepreneur James W. Cannon built a textile mill in Cabarrus County in 1887, and named it Cannon Mills. His new company provided thousands of jobs, low-rent mill-owned housing for workers, and its own set of

municipal services to meet the needs of its growing workforce. As the mills expanded production over the next 20 years, the community surrounding the facilities began to expand, and in 1906, the City of Kannapolis was incorporated, encompassing territory on both sides of line dividing Cabarrus and Rowan counties.

Kannapolis means “city of the looms,” and without question, Kannapolis owed its existence and its century of prosperity to the mechanized looms in Cannon Mills. Under the five-decade management of James’ son, Charles Cannon, the mill experienced significant success, becoming one of the leading textile producers in the world. In exchange for this success, Charles Cannon continued to supply city-like services for Kannapolis residents and partnered extensively with the town government to provide police, fire protection, and revenue for the city’s sewer system. In the years following Cannon’s passing, Cannon Mills was sold to financier David Murdoch, who merged the company with Fieldcrest Mills in 1985 to create Fieldcrest Cannon. In 1997, the company was sold again, this time to Pillowtex Corporation, at the time the world’s leading producer in five textile categories. (Beatty, 2004).

Like many textile companies in the late 1990s, however, Pillowtex dramatically overextended itself with additional production lines and the acquisition of smaller textile firms at the same time that falling trade barriers exposed the American industry to intense global competition. These pressures proved too great, and in November 2000, Pillowtex declared bankruptcy; by March 2003, Pillowtex executives confirmed that they were considering selling, perhaps even liquidating the Kannapolis mills. Throughout the spring and early summer of 2003, rumors of a mass closure swirled, as Pillowtex began ramping down production and moved the bulk of its workforce to “short-time” (reduced shift) status. To its credit, Pillowtex worked extremely hard to keep the union, the community, and the State and Federal governments informed of its situation. This allowed significant advance awareness and planning for the impending mass layoff. Finally, on July 30, 2003, the Pillowtex plants in Kannapolis shut their doors and permanently laid off over 4,800 workers, most of whom lived in Rowan and Cabarrus counties. (Beatty, 2004).

The effect of the closure was pronounced, immediate, and devastating. Based on surveys conducted by the Governor's Rapid Response Team in the week following the closure, most of these workers were older, with an average 17 years service at Pillowtex; 50% of these suddenly dislocated workers had not completed high school, 93% said they could no longer afford health insurance, and 43% reported being behind in rent or mortgage, as Unemployment Insurance only made up for a fraction of lost wages. Although 73% of the workers initially expressed a willingness to attend Cabarrus County Community College to retrain, the Centralina Workforce Development Board observed a fundamental psychological barrier to retraining: large numbers of workers seemed to live in a state of shock, unable to confront the reality of their changed circumstances, and many more expressed a deep discomfort with entering a community college and actually receiving the training in which they had expressed interest. Aside from lives of individuals dislocated workers, the City itself seemed in shock; in a single day, the City lost its sole provider for fire services, sewage treatment, and the main source of its tax revenue. (Beatty, 2004). The City and its surrounding counties were completely overwhelmed. In the weeks following the closure, state officials stared across the social and economic wreckage in Kannapolis and, noting a disturbing similarity in effects to the devastation wreaked by natural disasters, coined the term "economic disaster" to describe the consequences of mass layoffs and plant closures.

This brief historical overview of Pillowtex provides two important themes that help illuminate the general concept of economic disasters. First, economic restructuring caused the closure of a mill inextricably intertwined with the social and economic fabric of a rural North Carolina town; secondly, the consequences of the closure for workers and the community itself simply overwhelmed local ability to respond. These themes remain part of a broader pattern that gives both definition to the term "economic disaster" and explains its causes and consequences for rural North Carolina.

Deindustrialization: Causes and Consequences in Rural North Carolina

The experience in Kannapolis is not an isolated event; it is part of the decades-long phenomenon known as *deindustrialization*, itself a symptom of the broader, global, phenomenon

of economic restructuring. Historically, economic restructuring began occurring in the late 1970s, as technology and personal preferences made it simultaneously possible, desirable, and necessary for firms to develop flexible approaches to producing an infinite variety of products. Flexibility required lower production costs, a requirement which began to push production away from the industrialized OECD nations to the less developed countries in the global South and East. (Piore & Sabel, 1984).

For countless communities in the United States, this global economic restructuring resulted in massive deindustrialization, a term first coined by Barry Bluestone and Bennett Harrison in the early 1980s (Bluestone & Harrison, 1982) to describe the sudden and crippling loss of manufacturing jobs throughout the Northeast. In their book and influential testimony before Congress, Bluestone and Harrison define deindustrialization as the “widespread systematic disinvestment in the nation’s productive capacity,” which has left behind shuttered factories, mass layoffs, millions of dislocated workers, depressed wages, and shattered communities—symptoms identical to those witnessed in Kannapolis. As deindustrialization has swept aside less competitive industries throughout the developed world, the bulk of the workers laid off have generally been older, less educated, and female—the most vulnerable members of the workforce. Age and low education have typically reduced retraining and up-skilling options, long considered the best way to return workers to employment in a competitive workforce. (Bluestone, 1982; Neil, 1992; Perrucci & Targ, 1988).

In the case of rural North Carolina, economic restructuring in core rural industries, coupled with community dependency on the plants closed by restructuring, created conditions ripe for devastation that can rightly be compared to disasters. While much of the scholarly research has focused on the effects of deindustrialization in the Rust Belt or overseas, the rural South—including North Carolina—has also experienced this phenomenon, and, although economic disasters do not represent a variant of deindustrialization unique to North Carolina, their frequency, severity, and geographic concentration in the state’s rural communities can be largely attributed to historical patterns of industrialization in the American South.

In the days before the Civil War, King Cotton ruled the American South; forty years later, it was textiles, tobacco, and furniture manufacturing that dominated the economic life of rural North Carolina and the rural South as whole. Beginning in the 1880s, business leaders throughout the region pursued industrial recruitment and economic development strategies that used bottom dollar wages, low unionization, and vast armies of unskilled labor to attract and incubate industry in primarily rural communities—the lowest cost areas in the lowest cost states. (Cobb, 1993). North Carolina was no exception. Some mills, like Stonecutter’s in Spindale and Cannon Mills in Kannapolis, were started by native North Carolinian entrepreneurs and businessmen; others were recruited from New England, or the Midwest. Over time, these rural communities grew up around these factories and mills, and in the process, became economically, socially, and fiscally dependent upon them (Herring, 1949). This dependency had the latent potential to magnify the consequences of deindustrialization into outright disasters for many of these rural North Carolina communities, given the right (or wrong) set of macroeconomic conditions in certain core industries.

Over the past 30 years, these conditions have slowly taken shape. As a result of economic restructuring and increased global competition, rural North Carolina has faced significant losses to many of its core manufacturing employers since the mid-1970s. Nearly half of the state’s rural counties experienced a net loss of manufacturing jobs in the 1980s, and while conditions improved briefly in the mid-1990s (fueled largely by overexpansion of the textile industry), they began to worsen significantly by the turn of the century, as the state continued to lose traditional manufacturing jobs. The small, mid-decade improvement actually portended even harder times for rural areas, as employment growth occurred largely in advanced manufacturing sectors in urban areas, again leaving the less educated rural worker behind. (Action Agenda, 8-9). Many of the remaining traditional manufacturing establishments hung by a thread in rural areas, protected in part by the overall growth in the state’s economy. When the economy entered recession in 2001, however, the weaknesses in the tobacco, furniture, and textile industries could no longer be masked. Coupled with falling trade barriers scheduled into existing and new international trade agreements, the 2001 recession intensified the decline of these traditional manufacturing sectors, resulting in a breath-taking loss of 350,000 manufacturing jobs from 2000 to 2003—an almost 45% decline (Action Agenda, 9). The effects

of these macroeconomic forces had predictably negative consequences for rural North Carolina. Incomes fell, and unemployment remained higher in rural areas through 2004 than urban areas (*Ibid*) perhaps reflecting the higher educational attainment levels and advanced manufacturing presence already in these areas.

The result of this decline, as illustrated in the Pillowtex example, has been the sudden dislocation of thousands of workers in rural communities, many of whom fit the profile of the workers discussed in the scholarly literature on deindustrialization. According to research by the North Carolina Employment Security Commission (ESC), the average dislocated worker in rural North Carolina is less educated, earned significantly less income, and is less likely to regain employment in the year following a layoff than a similar dislocated worker in an urban community. In rural counties, a majority of dislocated workers are women, nearly half of all dislocated workers are 45 or older, and African Americans constitute almost half of the total number of dislocated workers while only representing 12% of the total labor force. Perhaps most critically, 85% of dislocated workers in rural areas possess a high school diploma or less; fully 20% lack a basic high school education, presenting significant obstacles to succeeding in an increasingly educated, global economy. (Action Agenda, 9).

From these figures, it is clear that like their global counterparts, dislocated workers generally come from the most economically vulnerable groups in society, and by 2004, income data began to reveal that these vulnerabilities were crippling their long-term economic sustainability. As one state policy document reported, the ability of dislocated workers “to find new jobs at anything close to their old wages has proved to be an elusive quest for far too many.” (Action Agenda, 10). Indeed, the ESC projected that statewide dislocated workers’ replacement wages in 2002 clocked in at less than three-quarters the amount of pre-layoff wages—a 25% drop in income for those fortunate enough to find a job. By 2002, however, almost half of rural dislocated workers proved even less fortunate, and were completely unable to find employment at all within one year of their lay-off. In the same year, only 61% managed to find work *two* years after their layoff. And all the while, bills go unpaid, primary medical needs cannot be met, and people suffer the psychological consequences of their world falling apart.

Adding to these structural problems, dislocated workers face the challenge of navigating a Byzantine array of Federal, state, and local programs, services, and eligibility requirements available to them following their layoffs. The Action Agenda identified this problem as a “complicated, confusing set of services” and workers’ lack of adequate information on how to access these services. (Action Agenda, 22). In the Pillowtex experience, for example, dozens of workers failed to realize they were eligible for certain training-related services or failed to secure them from public agencies despite multiple information sessions held by the State’s Rapid Response Team. (Beatty, 8). Reinforcing this complexity, focus groups associated with the Action Agenda process found that many dislocated workers face social barriers, including low educational attainment and literacy levels, cultural resistance to accepting public assistance or “welfare,” and a debilitating psychological shock from the layoff. (Action Agenda, 22).

Deindustrialization as Disaster

These statistics bear witness to Pillowtex writ large throughout North Carolina—the reality of deindustrialization in rural communities once heavily dependent on industries that macroeconomic forces have whisked away to other places on the globe, leaving these communities overwhelmed by the scale of the need and in desperate need of outside assistance. The sheer numbers of dislocated workers revealed by these statistics, the depth of their financial difficulties, and the immensity of the barriers hindering their return to self-sustainability virtually scream for a more active and visceral description of this phenomenon than the dry and scholarly “deindustrialization.” Hence, many North Carolina policy makers since Pillowtex have found the term “economic disaster” more satisfying to convey the nature of the challenge. Beyond emotional satisfaction, the use of the term “disaster” to describe the effects of deindustrialization reflects a changing policy consensus—embodied in the Action Agenda process—on how to help dislocated workers in North Carolina. In this emerging consensus, economic disasters are seen as discrete events—like hurricanes, flooding, or tornadoes—that can be anticipated, and the consequences for workers and communities mitigated, through public policy.

As a result, the Workforce Commission is working to develop policy tools to respond to these events, in the recognition that deindustrialization and layoffs are increasingly common in

North Carolina, as global economic restructuring continues to pressure on the state's traditional core industries of tobacco, furniture, and textiles. As these layoffs continue, the state is working through the Action Agenda process to foster strong policy responses, a strategy which requires a specific definition of what constitutes an economic disaster, beyond the simple label of "mass layoffs."

Defining an Economic Disaster

What defines an "economic disaster?" Various stakeholders in the Action Agenda process have called for a definition to be developed, but have also recognized that it is not so easy as setting a target number of individuals laid off or a percentage of the labor force unemployed through a layoff or plant closure.

Out of this process, however, has emerged a clear understanding that an economic disaster has several elements. First, an "economic disaster" occurs when a large number of workers in a community lose their jobs through no fault of their own due to layoffs, plant closures or other severe economic dislocations. While there is no consensus number for the exact number of jobs lost necessary to constitute an economic disaster for Workforce Commission planning purposes, there are several different options available. One such option involves the threshold set by the Worker Adjustment and Retraining Notice (WARN), federal law that requires all firm to notify the state in a WARN notice if they anticipate a layoff larger than 50 people within a certain period of time. However, those firms uninterested in complying with the spirit of the law can simply spread out their layoffs over time to avoid triggering the 50 person-at-a-time threshold. Cognizant of these shortcomings, the Workforce Commission has pursued other numerical thresholds, including a tiered approach of pegging the extent of the disaster to the number of total jobs lost within a certain period. There has also been discussion of setting a threshold that takes into account the number of jobs lost as a percentage of the total workforce in the affected region.

Secondly, regardless of the exact number of workers laid off, the event must have a significant and negative impact on the community itself and on the lives of the dislocated

workers who live there. Many communities in rural North Carolina grew up around and became virtually dependent on the mills and factories of the state's industrial past. Not only did textile mills like Stonecutters, Pillowtex, or VF Jeanswear employ a significant portion of a community's residents, they also played a critical role as part of the community's tax base and consumer of city services. As these mills shut down and moved away, the city government left behind faced sudden and dramatic revenue losses just at the time when greater city resources would be required to address the steadily mounting needs of their increasingly desperate former workforce.

Adding to the broader problem facing the affected community, many of the locality's small businesses and secondary suppliers felt an immediate crunch as their chief source of business vanished. These businesses either laid off their employees or had to close down themselves, further worsening the unemployment crisis facing a community. As for dislocated workers themselves, the consequences of these layoffs can be absolutely devastating, financially and emotionally. Many of these workers have been employed in the mill for decades and the prospect of finding a new job is shocking and almost inconceivable. Many of them have only a high school diploma or less, lack basic literacy, and have few of the skills necessary to find a job in the new economy. On top of these structural concerns, many of these workers are faced with sudden drops in income, as their Unemployment Benefits provide significantly less than their former salaries. Mortgages, health insurance, credit card bills, and school tuition, become unpayable, as these workers slip further and further behind.

Thirdly, the impact of the event must be so severe that they overwhelm the ability and resources of the local community to respond. The Governor's Rapid Response Team, mobilized when a firm submits its WARN notice, embodies the implicit recognition that local communities need external assistance when faced with severe layoffs. After almost two decades of Rapid Response, it has become clear that the external, coordinated assistance rendered by the Rapid Response Team is critical to assisting impacted communities, and that the need is no less in those communities experiencing layoffs that have not triggered a WARN notice.

In light of these different elements, the Workforce Commission is moving towards adopting the following, more qualitative working definition that this paper also uses: *An economic disaster occurs when a significant proportion of the community's workforce is laid off through no fault of the workers, generating a high unemployment rate, a significant loss of local revenue, and emergency service and workforce development needs that overwhelm local resources.*

Responding to Economic Disasters

This chapter has attempted to answer the first central question posed by this project by defining the term “economic disaster” within a broader historical, theoretical, and policy context. Summarizing the preceding discussion, we can say that economic restructuring leads to the closures of plants historically, culturally, financially, economically, and socially at the heart of many rural North Carolina communities. These closures often result in sudden surges in unemployment for large numbers of newly-dislocated workers, in turn quickly overwhelming the local ability to respond. Beyond doubt, this constitutes a disaster, and very the use of this metaphor opens the possibility for different policy approaches than is typically suggested for responding to these Pillowtex-like disasters. This new policy opportunity is the subject of the following two chapters.

III. The Role of Nonprofits

In much of the scholarly work on deindustrialization, researchers have proposed policies that almost exclusively involve the actions of government. Neil (1992) and Perrucci, Perrucci, Targ, & Targ (1988) provide excellent examples of public sector strategies for addressing deindustrialization in cases ranging across the western world, from Norwegian coal mines to Canadian steel mills; Moore (1996) describes a similar, government-led effort in the United States; and Hathaway (1993) poses the provocative question of what dislocated workers in deindustrializing communities can do to respond to these closures through grassroots political action aimed at government action.

While the government is clearly an important actor, it is important to think about other roles and other partnerships that can enhance the response to economic disasters. Embodied in Subrecommendation 8-3 of the Action Agenda, the use of the disaster metaphor has created a policy context for innovative response strategies that involve a broader array of organizations and actors than simply just the government institutions profiled in much of the scholarly literature on deindustrialization. Specifically, this new context opens the door for partnerships between government agencies and the vast universe of the voluntary sector, including nonprofits, community-based, and faith-based organizations, a partnership clearly and deliberately articulated in the Action Agenda and the Taskforce Policy Recommendations. In light of this new context, this chapter explains why nonprofits should partner in economic disaster response, and then argues for the precise shape this role should take—specifically as a labor market intermediary between the dislocated worker and the state’s workforce development system.

A Role for Nonprofits?

Despite all the challenges facing dislocated workers in the aftermath of economic disasters, many of the rural communities they live in have an abundance of faith-based, community-based, and nonprofit organizations committed to meeting the needs of these workers. In the aftermath of hurricanes and plant closings, these nonprofit organizations (a catch-all term referring collectively to these different types of non-governmental organizations) have a deep

commitment and desire to help the people in their communities recover from such a disaster. Following *natural* disasters, these organizations have existing strategies, protocols, and organizational networks for engaging in disaster response and recovery efforts. After *economic* disasters, by contrast, many nonprofits lack a clear understanding of *how* to help the dislocated workers in their communities.

Frequently, these organizations need some kind of institutionalized strategy to connect dislocated workers to the resources they need for immediate relief and long-term recovery. In the immediate aftermath of the disaster, nonprofits can provide needed financial and social assistance directly, or help workers access existing governmental services—Unemployment Insurance, Trade Adjustment Assistance, retraining assistance—to which they are entitled but may have little idea of how to access or secure. Beyond short term needs, these organizations can also help connect dislocated workers to the workforce development and job training resources that will ultimately provide them with options for long-term recovery. In both cases, nonprofits can play a valuable partnership role with governmental agencies by using their credibility and pre-existing relationships with dislocated workers to bring them into the public safety net designed to help them, but difficult to navigate.

In rural North Carolina, many nonprofits—especially churches—have long-standing relationships with many of the dislocated workers in their community, a factor magnified in smaller, closer-knit rural areas. This has two implications. First, these organizations often have significant relational and cultural “credibility” with their dislocated customers. For example, dislocated workers in tight-knit rural communities are generally comfortable going to their local church, or walking into the CDC that helped them buy their house, or the United Way office down the street that has helped them in other tight financial situations. But due to a widely-perceived social stigma of “welfare,” many of these workers will be less comfortable entering a government office that provides public assistance (Interview: Beatty, 2005; Interview: White, 2005). Secondly, this institutional credibility allows nonprofits to play an important role in the workforce system; it is the “glue” that binds workers to nonprofits that can only rarely be replicated when dealing with the public sector. Because of this glue, these relationships provide a physical link between organized entities and dozens, perhaps, hundreds of dislocated workers

who are not otherwise tracked, or linked to any public agencies. Alongside nonprofits' well documented ability to deliver targeted emergency services meeting the specific needs of their customers (Botchwey, 2004; Couto, 1999), these relationships also allow nonprofits to act as an intermediary, educating workers on available resources and connecting them to the proper access points in the relevant public agencies. The chief role, then, is one of helping dislocated workers access workforce and other services.

These interlocking strengths of nonprofits have been recognized by policy makers who believe they can be harnessed to enhance the effectiveness of the workforce development system, regardless of economic disasters; this recognition provides a positive policy context for articulating a role for nonprofits in economic disaster response. Indeed, interviews with major Workforce Commission stakeholders and nonprofit leaders alike revealed an increasing interest in utilizing nonprofits' innate abilities to connect people to public training and unemployment resources. For instance, Roger Shackleford, the director of the NC Workforce Commission, argued that nonprofits, and especially faith-based organizations, represented a critical resource that would define the future of effective service delivery (Interview: Shackleford, 2005); this view was echoed by senior officials in the Employment Security Commission (ESC) and the Division of Employment & Training (DET)—the major state agencies engaged in workforce development. Building on these commitments, and in order to implement this vision, the NC Department of Commerce is pursuing two different programs to harness the assets of nonprofits—the Federally-funded SHARE Network, and State-initiated Community Service Delivery Forums.

Both of these programs reinforce the general recognition of the value nonprofit partnerships, but it is important to remember that this commitment was first made explicit in the specific context of economic disasters by Subrecommendation 8-3 and Recommendation IV.7. As spelled out in these key policy documents, the State envisioned a role for nonprofits in economic disasters that is similar to the role played by VOAD in natural disasters—a role that builds on nonprofits' credibility and ability to function as a bridge between workers and the workforce system. In the case of VOAD, dozens or even hundreds of congregations, CBOs, and large nonprofits like the United Way and Red Cross pitch in to help communities recover from

natural disasters, doing everything from canned food drives, shelters, and monetary assistance to working with FEMA to identify affected neighborhoods. Coupled with the sheer number of nonprofits involved, the organizational complexity of disaster response efforts requires some kind of entity to manage all of the moving pieces involved in the response, and VOAD has traditionally filled this role following natural disasters—especially hurricanes—in North Carolina. In the case of economic disasters, just as VOAD manages nonprofit activities following natural disasters, there is a similar need for some kind of entity that manages the nonprofit activities engaging involved in responding to mass layoffs and other economic dislocations—especially the long-term recovery issue of connecting dislocated workers to services available through the state’s workforce development system.

How can nonprofits play such a role? Using a brief discussion of relevant scholarly literature, the rest of this chapter will answer this question by arguing that nonprofits can function as intermediaries in the labor market, connecting dislocated workers to the job-retraining resources they need for long-term recovery. Specifically, nonprofits can network together and create a “space for conversation” that allows nonprofits and dislocated workers to learn about, connect with, and respond to the services offered by the workforce system and other nonprofits.

Labor Market Intermediaries and the Role of Nonprofits

When economic disasters strike a community, the labor market fragmentation endemic to the post-industrial American economy (Giloith, 1998) becomes even more acute. Most dislocated workers in rural communities are largely unskilled and lack the adequate education and training to market themselves to prospective “New Economy” employers. (Action Agenda, 8). By the same token, potential employers are less willing to start a new business or locate in a state without an adequate supply of relevantly skilled labor. As is often the case with deindustrialization, communities hit with economic disasters face a troubling disconnect between the kind of labor a firm needs and the type of labor the community (and the worker himself) is offering.

Originally developed to address this labor market fragmentation, the concept of the *labor market intermediary* is especially relevant in bridging this troubling post-disaster disconnect. Labor Market Intermediaries are public, private, or nonprofit agencies that broker the relationship between workers and employers, reduce transaction costs for employers and potential employees, and shape relational and organizational “networks” for employers and workers. (Benner, 2003). The North Carolina Workforce system is an example of a public labor market intermediary that attempts to provide workers with the skills they need to be competitive in seeking employment by firms.

As previously discussed, the state’s workforce development system offer significant opportunities for retraining but many dislocated workers are simply unaware of these resources, and those who are aware may face cultural and economic barriers in taking advantage of them. Indeed, Workforce Commission Director Roger Shackleford has identified this gap between the labor market intermediary and the workforce development system as the chief challenge facing his Commission; in the Action Agenda and in personal interviews he has recommended that nonprofit and faith-based organizations should play a critical role in bridging this disconnect. In effect, then, this policy recommendation calls for nonprofit organizations to function as a supporting labor market intermediary, working to improve the effectiveness of the state-led labor market intermediary.

Perhaps the most critical role played by nonprofits in the context of the state’s workforce system involves their ability to reduce transaction costs. Defined by Williamson (1981) as the “economic counterpoint of friction,” transaction costs are normally studied in the context of market activity. Do interactions between firms along a supply chain occur harmoniously, or are there miscommunications, information gaps, and other conflicts that lead to delays, breakdowns, and other malfunctions? (Williamson, 1981). While the transaction cost approach traditionally involves market space and the interaction of firms, it is also possible to extend the concept of transaction costs to the explicitly non-market “public space” created by government and nonprofit institutions. According to traditional models of cluster theory (Porter, 1998), firms need labor market intermediaries to reduce the transaction costs associated with finding, hiring, and training new employees in the highly fragmented global economy (Gilloth).

Just as the firm faces significant transaction costs in cases of market fragmentation, governmental institutions and nonprofit organization also experience significant transaction costs in situations with high levels of social fragmentation and policy disconnect—especially in situations of economic disaster. Going further with this analogy and rephrasing Williamson’s question along these lines, the question becomes, do interactions between workforce development agencies and their intended customers occur harmoniously, or are their miscommunications, information gaps, and other conflicts that prevent dislocated workers from accessing and utilizing their programs, from Unemployment Insurance to job retraining? The gaps and disconnects represent “friction in service delivery.” In the case of workforce development, the very existence of nonprofit labor market intermediaries speaks to the inability of government job training programs to reach a sufficient number of potential workers, and the all-too-common failure to provide the types of training needed by firms. In other words, the very need for nonprofit intermediaries speaks to the existence of prohibitive “friction.”

In the case of economic disasters, transaction costs manifest themselves for both dislocated workers and nonprofits as a lack of information and a lack of capacity to adequately respond. As previously discussed, once they are laid off, dislocated workers face crippling “costs” in obtaining the resources they need for immediate relief and long-term recovery. First, they lack information about services, and especially about retraining—the key to long-term recovery. Secondly, they often lack basic capacity—literacy, job-finding skills, etc. Additionally, nonprofits also experience similar transaction costs. They often lack information about the available resources offered through other nonprofits and the state’s workforce system. (Interview: White, 2006). Similarly, in terms of capacity, nonprofits often lack the specialized knowledge about specific needs of dislocated workers.

Using nonprofits to play the role of a supporting labor market intermediary within the state’s workforce system can overcome all of these transaction costs and “friction” through the power of “networking” together various institutional actors in ways that build capacity and provide better information. The ideal result is that dislocated workers gain the training they need to compete for the jobs for which firms are hiring. Ultimately, then, this kind of networking

fulfills the archetypal definition of a labor market intermediary as an organization that makes it easier for firms to connect with labor and provides an excellent conceptual framework for approaching the call of the *Action Agenda* and Policy Recommendations.

Taking this one step further opens up the question of why nonprofits in particular have the ability to play this role. Based on another extension of cluster theory, it can be argued that nonprofits can overcome these transaction costs in the same way that firms use clusters to create the “conversational space” necessary for innovation (Piore, 1995, 2004). Networking nonprofits together with each other and with the state workforce system creates the conversational space within the network and within each nonprofit’s service provision circle for coordinating response efforts and allowing information, capacity, and strategic planning to flow freely. In turn, this strengthens the nonprofits’ ability to provide services and connect dislocated workers to the workforce system; it enhances the ability of the workforce system to reach dislocated workers with needed training resources; and finally it improves access for dislocated workers to resources needed for short-term relief and long-term recovery.

Implications for Policy

This chapter has attempted to answer the second central question posed by this project—the role nonprofits can play in responding to economic disasters—by first discussing the cultural and relational credibility that make nonprofits a recognized and valuable partner with the state’s workforce development system, and then by articulating the precise shape this role should take. The interaction of these different concepts provides several policy implications essential for the program development of Resources to Recover. They include:

- By harnessing the recognized strengths of nonprofits as partners with the public sector, institutionalized networks of nonprofits can act as labor market intermediaries that connect organizations to each other and dislocated workers to the workforce development system.

- These institutionalized networks create a “space for conversation” that allows nonprofits and dislocated workers to learn about, connect with, and respond to the services offered by the workforce development system and other nonprofits. In the aftermath of economic disasters, this conversational space also creates the vehicle for disaster response coordination and strategic planning.
- Such a role will reduce “friction”—the gaps and disconnects in the delivery of retraining and up-skilling services—greatly helping dislocated workers overcome the substantial hurdles to receiving assistance on their way to long-term recovery.

Having defined a largely theoretical role for nonprofits, it is critical now to turn to the more concrete question of how to translate this concept into reality. The ultimate goal of this paper is to develop Resources to Recover, a collaborative, public-private partnership that mobilizes North Carolina’s nonprofit organizations to act as labor market intermediaries, connecting dislocated workers with the workforce development resources they need to recover from economic disasters. The remaining chapters of this paper are largely concerned with this task, beginning with an analysis of the Community Service Center (CSC), a nonprofit intermediary organized in response to the Pillowtex closings.

IV. Pillowtex and the Community Service Center

As previously discussed, the Pillowtex closure in Kannapolis represented the first explicitly recognized “economic disaster.” The magnitude of the layoff—the largest in state history—gave rise to a number of unprecedented response efforts, including the formation of the Community Service Center (CSC), an institutionalized nonprofit collaborative that acted as an intermediary between dislocated workers and various government agencies. As the only known example of such a coordinated nonprofit response to economic disasters, the CSC provides several important lessons for developing R2R to address a dramatically different environment than what existed in Kannapolis in 2003.

Nonprofits and Disaster Response in Kannapolis

Faced with a closure of historic, almost epic proportions, that clearly overwhelmed local needs, leaders at the Federal, state, and local levels worked together in the glare of state and national media attention to provide critical retraining services, direct financial support, and critical special initiatives (including the negotiation of a special health insurance plan with Blue Cross/Blue Shield) to workers laid off from Pillowtex. Such was the State commitment to this effort that the DET set up a mobile JobLink (the State’s one-stop shop for the delivery of workforce development services) site in Plant 4, the largest Pillowtex facility. Aside from providing dislocated workers with information on retraining, this site also allowed workers to access the equally bewildering universe of workforce development and unemployment resources all at one time.

In a similar effort, a loose network of local nonprofits and faith-based organizations worked in concert with these public agencies to mobilize an unprecedented and coordinated human service delivery effort to meet the needs of dislocated workers (Beatty, 2004). Prior to the closure, the Cabarrus County Department of Social Services and the local United Way office helped assemble this ad hoc group and began planning as early as March for a coordinated human and social service delivery strategy to help the soon-to-be dislocated workers get the maximum assistance in the most efficient manner possible. In the month following the closure,

this ad hoc group quickly evolved into the Community Service Center, a formal 501c3 organization. In interviews, several of those involved pointed to these preliminary discussions as critically important in the CSC's success.

Legally established on August 4, and housed in Kimball Memorial Lutheran Church (literally down the block from Plant 4), this institutionalized "space for conversation" served as a one-stop shop that helped 1200 dislocated workers access the bewildering array of available human services in an environment more culturally comfortable than the local welfare office. Acting as a labor market intermediary, this center also actively pushed dislocated workers to the workforce system's counterpart in Plant 4. Post-disaster assessments have indicated that this "networked" approach allowed for information to be coherently disseminated to all 4800 dislocated workers, quickly connecting them to the workforce development system, which in turn helped prepare almost 2000 workers for the types of jobs required by local and regional firms (Beatty, 2004). While the long-term success of the actual retraining efforts remains to be seen, this case clearly demonstrates the effectiveness of nonprofits acting as labor market intermediaries in referring workers to the workforce system. This is the hope embodied in the *Action Agenda's* call for R2R.

Implications for Policy

As the only known example of a nonprofit intermediary, and in the defining economic disaster of this generation, the Pillowtex experience as a whole and the CSC in particular offer several important implications for the policy development of R2R. First, pre-event planning proved vital to establishing a common framework for effective response following the disaster, and especially for connecting nonprofits to each other, to dislocated workers, and to the workforce system. As warning signs of the impending closure began to mount, the ad hoc group of nonprofit leaders and state administrators were able to begin developing strategic response plans, referral protocols, and the organizational framework for what became the CSC. Indeed, the very day Pillowtex announced the closure, members of the ad hoc group walked into the private Cannon Foundation, presented its plans, and secured a \$750,000 grant to fund CSC operations (Interview: Mack, 2006). Without this extended space for conversation, several key

stakeholders made it clear that the CSC could never have opened its doors only four days after the closing and put in place the relevant strategies for helping the thousands of dislocated workers with their various needs and program eligibilities (Beatty, 2004; Interview: Beatty, 2006; Interview: Mack, 2006; Interview: Hollars, 2006).

Secondly, coordination between state agencies and nonprofits helped provide dislocated workers with the specific services they needed while minimizing gaps or overlaps in service delivery. One-stop sites like the CSC at the Lutheran Church and the mobile JobLink site at Plant 4 proved very effective in helping dislocated workers access the Federal, State, and community-based resources that already exist, but may be confusing or even unknown to these workers. Even more critically, the leaders, institutions, and organizations involved in both of these approaches experienced a high degree of interactivity, as seen in the public-private partnership style of planning for the CSC, the mutual referrals between the CSC and Plant 4, and the willingness of the Rapid Response Team to shape strategy based on needs expressed by the CSC and other community leaders. In other words, these arrangements institutionalized the interactivity so essential for effective coordination; in effect, they represented important conversational space for planning, coordination, and coherent service delivery, and so provides a useful model for developing a nonprofit labor market intermediary.

Both of these strengths reflect some of the unique aspects of the Pillowtex experience that may not be automatically transferable to other communities suffering from economic disasters. Indeed, one can argue from this case that the very rootedness of Pillowtex in the community fabric that generated such catastrophic effects also provided a foundation or a rallying point for successful response and recovery. Interviews revealed that the deep interrelationships between the iconic mill and the town fostered an abiding sense of “togetherness” that fueled an innovative, integrated response by the area’s nonprofits. While much of this “togetherness” reflected the historical importance of this particular mill to this particular town, other mills with similarly ancestral roots in North Carolina’s rural communities (Stonecutter’s Mill in Spindale, for example) have experienced economic disasters without developing the type of networked response program that operated so effectively in Kannapolis. Indeed, the very absence of CSC-type efforts in these communities bolsters the reasoning behind Subrecommendation 8-3 and

Policy Recommendation IV.7. If nonprofits in every community responded to economic disaster in the same way as in Kannapolis, then there would likely be significantly less need for an “economic VOAD.” However, since such an integrated nonprofit response program has not emerged organically in these communities, it becomes even more important to create such an entity through the organizational planning and institutional networking envisioned by the *Action Agenda*.

A second unique aspect with profound implications for R2R involves the fact that the Pillowtex response took place amidst intense public awareness of the “largest layoff in state history,” a context unlikely to be repeated in other less-publicized and less remarkable, though obviously no less destructive, economic disasters. In the case of Pillowtex, the magnitude of the disaster generated national and even international media attention, captured the imagination of thousands North Carolinians (many of whom donated goods and contributed financially to various charitable Pillowtex Relief Funds), and spawned countless speeches, policy proposals, and press conferences by political officials throughout the state. This heightened public awareness made it much easier for the local community to access financial resources and obtain the special governmental assistance (like the JobLink in Plant 4) that proved so critical in the Pillowtex response efforts.

Because mass layoffs have become almost routine, however, senior workforce development officials fear that economic disaster responders in the post-Pillowtex world likely cannot count on anywhere near the same widespread level of public attention and political interest that mobilized so many resources to assist Cabarrus County in 2003 (Interview: Shackleford, 2006; Interview: White, 2006). Indeed, the VF Jeans plant in nearby Bertie County closed down shortly after Pillowtex, causing a similar amount of economic and social turmoil; yet, this smaller community did not attract the same level of attention and assistance (Action Agenda, 26; Interview: Beatty, 2006). In the years since, just as New Orleans’ Lower Ninth Ward seems to have slowly slipped out of the national consciousness two years after Hurricane Katrina, so have these layoffs become such a regular occurrence four years after Pillowtex that they no longer capture the public imagination, and as a result, no longer generate the same levels of outside assistance. Fortunately, as anticipated by the *Action Agenda*, institutionalized

networks of relationships between nonprofits and the workforce system can counteract these negative consequence by ensuring that the conversational space for planning, coordination, and service delivery that arose organically in Kannapolis will already exist in communities before disasters strike.

In summary, each of these implications provides direct guidance for the development of R2R. First, advance planning matters. In light of the success of the CSC, R2R should incorporate strategic planning in advance of disasters to ensure that nonprofits can respond more rapidly and efficiently in their aftermath. Clearly, it is impossible to predict when or if a mass layoff will occur, so the planning aspect becomes even more important in light of this uncertainty. A second, related lesson, involves the importance of conversational space that arose from this planning; R2R needs to institutionalize regular opportunities for planning, coordination, and information sharing between its members. Finally, the program design of R2R should reflect the type of institutionalized networking and interactivity between nonprofits and state agencies embodied in the protocols and referral system utilized by the CSC. Just as the CSC operated as a labor market intermediary, so should R2R.

Although Pillowtex provides perhaps the greatest example of a nonprofit intermediary specifically addressing economic disasters, there are several other models currently operating in North Carolina that seek to partner with nonprofits to improve coordination and delivery of services. Each of these models also provides useful lessons for developing R2R.

V. Sharpening the Focus: Other Models

The ultimate goal of this project is to develop Resources to Recover, a collaborative, public-private partnership that mobilizes North Carolina's nonprofit organizations to act as labor market intermediaries, connecting dislocated workers with the workforce development resources they need to recover from economic disasters. In order to fully develop this program, it is important to consider the broader landscape of the State's workforce development system, as well as several specific examples of partnership between the workforce system and nonprofits. Both aspects provide useful context and important lessons for the design and operation of R2R. Accordingly, this chapter is divided into two parts. The first part begins by examining the overarching policy approaches and institutions involved in the State's workforce development system; the second part then turns to analyzing three examples of partnerships between nonprofits and state agencies, with an eye to the broader context of economic disasters, labor market intermediaries, and conversational space. These other models include:

- CARELine, administered by the NC Department of Health and Human Services;
- Community Service Delivery Forums, organized by Workforce Commission staff;
- Sharing How Access to Resources Empowers (SHARE) Network, administered by the Division of Employment & Training;

Workforce Development in North Carolina

Along with R2R, each of these models is directly shaped by the institutional landscape of the State's workforce development system, and it is impossible to properly assess their relevance for R2R without understanding this environment. The first important element in this environment involves two overarching policy approaches to providing workforce development resources to dislocated workers and other interested customers. These approaches are embedded in the guidelines set out in the Workforce Investment Act of 1998 (WIA), which states must follow in order to receive WIA funds, and include the following:

- **No wrong doors.** This approach ensures that whatever “door” or organization a customer walks through, he will have access to the relevant information he needs to secure services. This includes contact information for relevant agencies, referral paperwork, and eligibility requirements for relevant services. In using a “no wrong doors” approach, the state’s workforce system is specifically harnessing the strengths of nonprofits—community credibility and pre-existing relationships—to achieve its goals. An additional positive aspect of this approach involves the cost efficiency of allowing smaller organizations with narrower, more targeted missions, in remote geographic areas to participate without sacrificing the breadth of resources made available through referrals.
- **One-stop Shop.** The One-Stop Shop concept seeks to reduce organizational and personal transaction costs by ensuring that customers can walk into one site and access all of the services they require at one time, in this one location. The goal is to reduce the time spent by customers traveling to and from different locations in search of different services; it also seeks to make the available services more comprehensible and more accessible for dislocated workers who often face literacy-related and cultural challenges in accessing the workforce system.

In turn, these policy approaches shape the second element of the institutional environment—the nature, roles, and interactions of the various agencies involved in North Carolina’s workforce development system. These agencies include:

- **The NC Workforce Commission.** Technically under the jurisdiction of the Department of Commerce, the Commission is the chief interagency coordinating and policy body that oversees the various workforce development activities carried out by different agencies across state government. Directed by Roger Shackelford, the Commission has its own staff members, each of whom heads up several policy committees, including the Policy Research and Assessment Committee (which produced Recommendation IV.7) and the Dislocated Worker Taskforce (involved in producing the *Action Agenda* and Subrecommendation 8-3). Once committee or task force recommendations are adopted

by the entire Commission, they are considered official policy of the state government. In effect, the Commission is responsible for ensuring the state-run LMI is as effective as possible.

- **Local Workforce Areas.** In order to meet WIA compliance standards, each state is required to set up local Workforce Investment Boards (WIBs) in order to implementing workforce development policy at the local level. In North Carolina, there are 24 Local Workforce Areas, and they are responsible for administering job-training assistance to local workers through programming, partnerships, and operation of the JobLinks (see below) under their jurisdiction. Under new chartering rules issued in 2004, each Local Area in the state is also explicitly encouraged to develop partnerships with local nonprofits in order to increase availability and access to workforce development services, usually through a no-wrong doors approach.
- **JobLink.** Additional WIA compliance standards require that each WIB provide one-stop shops where customers can access the entire universe of Federal workforce development resources, unemployment benefits, and social services in one location. In North Carolina, the JobLink fills this role, with at least one location in every county. As a result, JobLink has been considered the primary LMI for delivering these services to dislocated workers throughout the state.
- **Division of Employment & Training (DET).** A division of the NC Department of Commerce, DET administers the state-level workforce development policies proposed by the Workforce Commission, manages the Local Workforce Areas, and ensures their general compliance with WIA regulations. DET also administers the overwhelming majority of the state's JobLinks, thus playing a key role in the state-run LMI.
- **Employment Security Commission (ESC).** A stand-alone commission within the NC Department of Commerce, the ESC administers the Federal Unemployment Insurance program (UI), the Trade Adjustment Assistance (TAA) program specifically for dislocated workers, and several JobLink facilities (although these are currently being

consolidated by the Commission). When dislocated workers lose their jobs in economic disasters, they are almost always entitled to UI benefits for a given period, and in many cases for additional financial assistance through the TAA program, since their job-loss was related to international trade. Securing these benefits is usually the first critical task facing dislocated workers upon losing their job, and the complexity of the paperwork and eligibility requirements has often proved prohibitive for many of these workers—hence the need for “one-stop shops” and “no wrong doors” to reduce complexity, time, and effort for these workers.

- **Rapid Response Team.** Operated out of the Governor’s office, the Rapid Response Team is the primary vehicle for mobilizing and coordinating the response of all of the preceding state agencies in the event of a plant closure that triggers a WARN notice. The Rapid Response Team meets in the impacted area and consists of local and state representatives from relevant agencies, including nonprofits and congregations.

This web of approaches, agencies, and programs creates the institutional landscape that frames various efforts by North Carolina’s state government to partner with nonprofit organizations to enhance the delivery of workforce system resources and services. Within this policy context, it is now possible to examine several of these efforts in greater detail, with an eye to extracting lessons for the policy development of R2R. In progressively sharper focus, the following examples provide increasingly useful models of how nonprofit LMIs can connect people to government services and create the conversational space necessary for successful economic disaster response planning and response.

Community Service Delivery Forums

Developed in the aftermath of Pillowtex by the Workforce Commission staff, Community Service Delivery Forums provide a useful “first cut” at involving nonprofits in partnership with the workforce system, but one that lacks sufficient conversational space for planning. In these forums, the Workforce Commission staff hold educational forums for nonprofit, faith-based, and community-based organizations to learn about the workforce development services offered by

JobLink, the ESC, and the DET. At their core, these forums are essentially briefings for nonprofits that can reduce their transaction costs in dealing with the workforce development system. With accurate information, nonprofits can function in a no-wrong doors capacity and more quickly refer their customers to the relevant resources and agencies.

Despite these obvious strengths, there are still are several missing pieces to Service Delivery Forums that reduce their effectiveness in converting nonprofits to labor market intermediaries. Most importantly, these briefing create no conversational space for active planning, referrals, or action. As a result, there is no institutionalized vehicle to coordinate nonprofit responses to economic disasters, or to measure and compare how nonprofits are using the information provided to serve their customers. Accordingly, these briefings are useful as a small piece in a larger, more comprehensive strategy to network nonprofits and create conversational space for strategic planning and coordination before, during, and after economic disasters—the nonprofit LMI envisioned by the Action Agenda as an “economic VOAD” and the R2R program proposed by this paper.

CareLine

At first glance, it appears that the CareLine program has the most tenuous connection to workforce development of any of these models, and it almost certainly cannot claim to act as a labor market intermediary. Administered by the Office of Citizen Services in the NC Department Health and Human Services (DHHS)—and not by any of the relevant workforce development agencies—the CareLine provides a 1-800 telephone number to a comprehensive information and referral line available throughout NC line that connects people to relevant social services based on their need. Historically, the line has targeted elderly and special needs populations and has received over 200,000 calls a year, largely focusing on Medicaid and immediate human service needs like food, shelter, and power (Interview: Raby, 2005).

Despite the social and human services focus however, the CareLine provides a helpful model for creating a nonprofit LMI both as an example of how to connect with nonprofits and a possible partner for an operational R2R. First, with its database of state caseworkers and over

9,000 nonprofits throughout the state (*Ibid.*), the CareLine demonstrates the strengths of a one-stop shop referral system built on the foundation of up-to date contact lists—a major challenge in a state with an ever-changing list of over 40,000 nonprofits (Interview: Schofield, 2006). For instance, if someone called into the CareLine from Asheville in need of social services, a Referral Specialist could give them the contact information for the local Social Services office in Buncombe, along with suggestions for local nonprofits that could help meet the specific needs of the caller. In doing so the CareLine provides an excellent example of an intermediary between people and agencies, and illustrates a straightforward method of integrating nonprofits into existing service delivery networks. As such, it represents a first step to the type of nonprofit LMI envisioned by the Action Agenda, if properly combined with some form of conversational space for planning and coordination.

Secondly, CareLine represents a potential partner for the type of LMI envisioned in the program development of R2R. At the time of this writing, DHHS is preparing a web-based version of CareLink called CareLink that is intended to act as a no-wrong doors approach to providing people with services (albeit at this point, mostly social services unrelated to the workforce system). In its current form, CareLink is envisioned as a web-based Web-based portal and searchable database of organization and resources, which participating nonprofits could offer their customers. As the program proceeds, DHHS will recruit certain organizations to serve as geographic hubs for the participating nonprofits in a several-county footprint. CareLink will then provide each of these hubs with a special tracking and case management component that will allow participating organizations to update their databases and case files electronically and in a manner accessible by other nonprofits (subject to privacy constraints), offering seamless tracking and accurate contact information for assisting customers.

In developing a nonprofit LMI, the CareLink, or a similar system, would provide the technological vehicle to allow nonprofits to track dislocated workers, manage their cases, and direct them to the appropriate location for the services they need based on where they had been before. As this shows, the partnership opportunities are real, but they also present the possibility of an unnecessary duplication of services with another model used to involve nonprofits in partnerships with government agencies: the SHARE Network.

SHARE Network

Initiated in 2005 as a pilot program by the Division of Employment and Training, the SHARE Network explicitly seeks to use nonprofits as labor market intermediaries by offering a no-wrong doors approach to connecting workers (including dislocated workers) to the job training and employment opportunities they need. As such, it provides another step closer to the type of nonprofit LMI, the “economic VOAD” envisioned by the Action Agenda.

To summarize the program, the SHARE Network partners with nonprofits, faith-based and community-based organizations by providing a computer-based access point for dislocated workers to connect with the services offered by the workforce system and other participating nonprofits. In order to develop these partnerships, each local workforce board is responsible for conducting the necessary outreach throughout the target communities. To participate, nonprofits must have a specified amount of physical space for hosting a computer that can be accessed by customers, along with an internet connection. Once they agree to participate, each nonprofit is then connected to a web-based portal similar in concept to CareLink, in which the customer is asked a series of questions about their needs, their situation, and their interests. Based on the customer’s answers to these questions, the web portal helps determine their program eligibility (UI, TAA, training assistance, TANF, etc) and then provides them with the appropriate contact information for the relevant governmental agency or nonprofit. In combining nonprofit partnerships with computer-based information sharing, the SHARE Network represents a classic “no-wrong doors” approach; it allows customers to receive the particular services they need from the first organization they walk into, but then also allows them to access information about what else they might need and where they should go to receive these additional services.

At first glance, SHARE Network appears to represent a duplication of services, not just with the new CareLink, but also with the Action Agenda’s proposed VOAD for economic disasters; indeed, it appears as though the DE&T pursued the Federal grant that funds the SHARE Network around the same time that the Action Agenda stakeholders (which included DET staff) were finalizing their recommendation for an “economic VOAD.” Increasing the

complexity, DHHS began pursuing the CareLink web-portal unbeknownst to anyone in the workforce system and at the same time that DET began piloting SHARE Network. According to staff in the DET, Workforce Commission, and DHHS, this strange duplication of efforts simply represented a case of government agencies' right hands not knowing what their left hands were doing—a not uncommon event in large bureaucracies with multiple divisions in search of high-profile funding opportunities. During interviews, senior officials in DET expressed at great length that the SHARE Network program was not intended to supplant the work of the Action Agenda, or in any way express a lack of commitment to the Agenda's policy recommendations. Officials in DHHS expressed similar sentiments (Interview: Beale, 2006; SHARE Meeting Notes, 2006). To the contrary, in fact, all of these officials saw an opportunity for synergy between an economic VOAD, CareLink, and SHARE Network less than an unnecessary duplication of services.

What would these synergies look like, and what implications would they have for developing R2R? First, the fact that SHARE is in its demonstration phase opens up several interesting opportunities for R2R. Because the pilot program's funding is not permanent, the program itself may not become permanent. Developing an economic VOAD alongside SHARE creates a greater "safety net" for nonprofit intermediaries should the US Department of Labor refuse to grant the necessary additional funding to expand the program or make it permanent. In other words, nonprofits would still have institutionalized opportunities to connect with the workforce system should the SHARE Network vanish due to lack of funding. Additionally, because the demonstration projects are only taking place in three Local Areas, the program currently lacks effective statewide reach. As a result, even if funding continues, an economic VOAD is necessary in those local workforce areas where SHARE lacks a presence.

In a second potential area of synergy, discussions are currently underway between web programmers and database administrators in DHHS and DET about ways to integrate the CareLink and the SHARE web portals. If technically feasible, it is hoped that both programs would use the same web portal for their programs—reducing duplication, organizational transaction costs, and creating significantly smoother service delivery opportunities for nonprofits. One final potential synergy highlights the powerful outreach, networking, and

service delivery capabilities in the type of nonprofit LMI proposed by the Action Agenda. In interviews, senior DET and ESC officials have broached the hypothetical possibility of combining an economic VOAD with the SHARE Network, harnessing together the strengths of both approaches. Along this line of thinking, in some form or fashion yet to be determined, an economic VOAD would conduct outreach and build organizational linkages, while the workforce board would provide the web-based portal and direct relationships to the workforce system. (White: Interview, 2006; Hollars: Interview, 2006; SHARE Meeting Notes, 2006).

Aside from these potential synergies, it is worth examining the extent to which the SHARE Network provides a useful model for the program development of R2R. Perhaps most critically, the SHARE Network approach unquestionably reaffirms the viability of institutionalizing networks of nonprofits to act as LMIs, using their credibility and relational history to connect workers to job-training resources and employment opportunities. The web-portals, guided questions, and instant referrals clearly have the potential to reduce the transaction costs facing dislocated workers as they attempt to access workforce system resources. When it comes to connecting with the workforce system in this model, nonprofits have their own transaction costs reduced through the institutional linkages to the local workforce board that make it easier to learn about and harness available workforce services. This is an important aspect of the advantages to nonprofit LMIs as envisioned by the Action Agenda.

Additionally, the SHARE Network is an important compliment to the state's existing workforce system and the program development of R2R. Indeed, the program's web-based portal offers an excellent administrative mechanism to track dislocated workers, manage their cases, and assist in referrals; this administrative component has the potential to greatly improve the planning and organizational management mission of R2R in two ways. First, from the standpoint of nonprofits, this tracking system can seamlessly provide timely, case-specific information essential for rapid response to economic disasters. Secondly, the "no wrong doors" approach is especially helpful for dislocated workers who otherwise face significant transaction costs in securing services from multiple agencies. Taken as a lesson from these advantages, R2R should attempt to couple such a tracking and referral system with a "no wrong doors"

approach—in effect ensuring that nonprofits have the institutional linkages to pass along the correct information about the most appropriate services to the dislocated workers who come in.

Despite these strengths, however, the SHARE Network has a fundamental weakness. The SHARE Network approach is limited by the lack conversational space so important to the strategic planning and management role envisioned by the Action Agenda for a coordinated nonprofit response to economic disasters. Because the local workforce board dictates the nature and scope of nonprofit involvement with the workforce system, this model merely uses nonprofits for outreach and the delivery of information about available services. In effect, nonprofits serve for the most part as terminals connected to a database managed by the local workforce board, rather than an institutionalized coordinating body—the “economic VOAD” recommended by the Action Agenda. In order to embody this recommendation, R2R should extract the lesson that institutionalized relationships and networks do not automatically or necessarily create conversational space for planning; instead, this space must be consciously created through organizational design.

Moving Forward

In progressively stronger terms, these three models have provided valuable lessons and context for developing the type of nonprofit LMI envisioned by the Action Agenda to provide coordination and strategic planning during economic disasters. Building on these lessons, the next chapter examines the example of NC Volunteers Active in Disasters (NC VOAD), the natural disaster response organization recommended as a model by the *Action Agenda*, and proposes a program outline for R2R.

VI. A Nonprofit Response to Economic Disasters: The Resources to Recover Initiative

As seen in the Pillowtex example, nonprofits can play a critical role as labor market intermediaries, connecting dislocated workers to the workforce development resources they need for long-term recovery from economic disasters. Building on these historical, theoretical, and policy themes, this chapter now turns to outlining the specific program model known as Resources to Recover—the “economic VOAD” envisioned by the Action Agenda. Using NC VOAD as a natural starting point, this program outline will reflect the lessons of Pillowtex and the importance of using conversational space to promote planning, coordination, and service delivery among nonprofits acting as labor market intermediaries.

NC VOAD: A Natural Disaster Response Model

In explicitly calling for an “economic VOAD,” the stakeholders in the Action Agenda process recognized the important role played by NC VOAD in natural disaster response, and as such, saw the organization as a natural model for developing a nonprofit response program for economic disasters. In essence, NC VOAD functions as an intermediary at both the state and local levels between the state’s Department of Emergency Management (DEM) and the legions of nonprofits and congregations involved in disaster response. The state chapter of a broader national umbrella organization formed in aftermath of Hurricane Camille, NC VOAD manages the disaster relief and response activities of its several thousand members; it does not deliver any relief services directly, but rather coordinates the service delivery activities of its members. Organizationally, NC VOAD exists as a 501(c)3 nonprofit that maintains lists of dues-paying members across the state interested in disaster response. Tightly integrated into the state’s disaster response system, the organization sits on the State Emergency Response Team (SERT) that plans and coordinates the State’s disaster response strategy, much as the Governor’s Rapid Response Team coordinates several types of economic disasters.

At its heart, NC VOAD provides conversational space for disaster response planning and coordination through holding regular meetings with its member organizations and DEM liaisons.

Strengthened by its integration into the state’s disaster response agencies, this regular conversational space ensures a minimal amount of organizational friction when disasters actually strike. During and after a natural disaster, NC VOAD convenes a Recovery Coordination Committee (RCC) in the impacted area to coordinate local nonprofit response. This committee consists of local nonprofits, congregations, and the local chapters of most major relief organizations like the Red Cross and United Way; these local chapters are mobilized after a disaster declaration by their state-level offices, which attend the regular NC VOAD meetings and participate in SERT. In the months following a disaster, the RCC will evolve into a Long-Term Recovery Committee, which, as its name suggests, will coordinate the local recovery efforts of local nonprofits through regular situation briefings and decision meetings.

Despite certain differences between natural disasters and economic disasters, the VOAD for natural disasters provides a useful model for beginning to conceptualize an “economic VOAD.” In the terms repeatedly used in this paper, NC VOAD offers two key lessons to the development of the proposed nonprofit labor market intermediary for economic disasters. First, NC VOAD’s direct integration into the state’s emergency response system allows for both nonprofits and government agencies to respond together seamlessly and in concert when disasters strike, thus reducing organizational transaction costs. Secondly, through regular meetings at the state and local levels, the natural disaster program has institutionalized the conversation space so critical for the coordination and strategic planning essential for disaster response. Accordingly, R2R should incorporate both of these organizational strengths in its program design.

Introducing Resources to Recover

Using Pillowtex and NC VOAD as conceptual guides, the Resources to Recover program will act as a labor market intermediary in the following fashion. First, R2R will create an institutionalized “space for conversation” between dislocated workers, the workforce development system, and nonprofits through the organizational networking of these actors at both the state level (the NC R2R) and the county level (Local R2R). Like NC VOAD, neither the NC R2R nor the Local R2R will actually deliver services; rather, they both coordinate the

service delivery activities of its members. For a detailed description of the specific roles and responsibilities for each partner, see Table 1.

As a standalone nonprofit entity at the state level, the NC R2R will create networks between the state’s workforce development agencies and relevant state-level nonprofit umbrella organizations like the United Way. When economic disaster strikes a community, the NC R2R will coordinate with the relevant public agencies and engage with relevant state-level nonprofit networks to mobilize their local affiliates. Resembling the integration of NC VOAD into the emergency management system, this type of organizational networking creates significant conversational space for coordination between the workforce agencies and nonprofits—a key component in an effective labor market intermediary. Additionally, before and after a disaster, the NC R2R will play a critical role in providing training and technical assistance to local nonprofits involved with the Local R2Rs, and as part of this mission will prepare and disseminate two documents:

- The Dislocated Worker Training Manual for Nonprofits to prepare nonprofit organizations for the unique circumstances of dislocated workers, the specialized services they require, and background information on the workforce agencies;
- The Dislocated Worker Pocket Guide, which provides dislocated workers with a short and readable list of phone numbers of critical service delivery providers.

The Manual and the Pocket Guide provide a “No-Wrong Doors approach” to serving dislocated workers—whatever organization they walk into can point them where they need to go. Once guided by the manual or by a nonprofit’s outreach, the dislocated worker can be brought into the workforce development system through the single-access point of a county’s JobLink. This kind of networking reduces organizational transaction costs and strengthens the ability of the workforce system to reach dislocated workers.

At the county level, the Local R2R will serve as the local coordinating body for the county’s nonprofit members, in effect creating and institutionalizing networks of nonprofits. In

collaboration with relevant state agencies, Local R2Rs would conduct outreach to bring relevant, local organizations to the table, including the local chapters of statewide relief organizations mobilized by the NC R2R. Prior to an economic disaster, these organizations meet together quarterly with their workforce development board to discuss planning, develop knowledge, and pursue disaster response training. This type of institutionalized conversational space resembles the capacity of both NC VOAD and the CSC in Kannapolis; it also highlights the importance of advance planning that proved so effective in responding to Pillowtex.

According to Recommendation II of the Task Force Recommendations, the local workforce board director will play the lead role in economic disaster planning for his/her Local Area (Recommendations, 6). In the R2R model, each of North Carolina's 24 Local Area workforce boards will be responsible for liaising with the Local R2Rs within their footprint and providing their member organizations with access to services they provide. In doing so, R2R will also serve as a network for workforce development directors to utilize in their economic disaster planning efforts, e.g., to ensure that all relevant nonprofit organizations are connected to the workforce development system and trained to partner with relevant workforce agencies. This type of integration allows for the Local R2R to function as an effective labor market intermediary by connecting dislocated workers to workforce resources along the networks of institutionalized relationships between nonprofits and public agencies.

In the aftermath of an economic disaster, just as NC VOAD convenes an RCC following a natural disaster, the Local R2R will convene a disaster response meeting—conversational space—to brief members on the specifics of the layoff and to coordinate their strategies for connecting workers to the workforce development system. Supported by the work of the state-level NC R2R, this meeting represents the culmination of the Action Agenda's policy recommendation for an "economic VOAD." In this meeting, nonprofits are brought together in their network, implement their plans, coordinate their response, and ensure that dislocated workers have access to the workforce development resources they need for their long-term recovery—the essence of a labor market intermediary.

Table 1. Roles and Responsibilities for Resources to Recover

| Entity | Pre-Disaster | Post-Disaster |
|--|--|--|
| NC R2R Partnership (State Level) <i>Members: statewide nonprofit organizations; nonprofit networks with local affiliates; faith networks</i> | <ul style="list-style-type: none"> • Holds annual meeting with statewide networks/non-profits. • Facilitates annual training/technical assistance for non-profit and faith-based organizations in helping dislocated workers. • Facilitates annual “Conditions Briefing” to explore risks to the economy and the need for early planning. • Disseminates training manual to local workforce boards. • NC R2R serves on Workforce Commission or as resource. | <ul style="list-style-type: none"> • Helps facilitates Local R2R meetings for nonprofit/voluntary organizations. • Facilitates State Response Meeting with state networks. • Mobilizes state networks. • Representative of NC R2R participates as a member or resource person of state response efforts (Economic Transition Response Team), if activated. |
| Local R2R Partnership <i>Members: Nonprofit organizations/voluntary organizations that want to help dislocated workers – can be grassroots or part of larger network</i> | <ul style="list-style-type: none"> • The Local R2R meets quarterly for training and Conditions Briefings provided by Workforce Area staff and NC R2R. • The Local R2R will have a Local Community Coordinator and one or more Local Interfaith Coordinators. • Liases between these organizations and the state R2R and local workforce board. • Invites local organizations to participate in the R2R. | <ul style="list-style-type: none"> • Briefed by workforce development director on needs/issues. • Receives last-minute technical assistance from workforce director and state R2R. • Designs and implements nonprofit service delivery plans that complement workforce plans. • Organizes dissemination of Pocket and Resource Guides. • Liases between these organizations and the state R2R, the local workforce boards, and local affiliates of state interfaith networks. |
| Local Workforce Board <i>Led by the workforce development director, drawing on full board where needed.</i> | <ul style="list-style-type: none"> • Keeps track of voluntary organizations through SHARE Network and CARELine. • Disseminates Dislocated Worker Training Manuals. • Hosts annual training/technical assistance for local R2R members on the workforce system and how to help dislocated workers in coordination with workforce development services. • Hosts Conditions Briefing, possibly in partnership with local economic development organization and/or ESC. | <ul style="list-style-type: none"> • Hosts R2R meeting. • Briefs R2R on nature and impact of disaster and needs from the workforce development perspective. • Keeps in contact with local R2R throughout the disaster about needs, feedback on nonprofit services, etc. |

VII. Conclusion

This paper course has attempted to address the policy question raised in the Dislocated Worker Action Agenda within a broader historical, theoretical, and policy context. As illustrated by the Pillowtex experience and proposed in the program design of R2R, this discussion has articulated a role for nonprofit, faith-based, and community-based organizations in responding to the effects deindustrialization and economic disasters. By networking together and creating sufficient conversational space for adequate coordination and planning, nonprofits can act as labor market intermediaries, connecting dislocated workers to the workforce development system. Based in part on a natural disaster response model, R2R seeks to translate this role into reality.

Beyond the proposed program itself, this paper has also hopefully yielded a number of generalizable conclusions about the role of nonprofits in economic disaster response efforts. First, nonprofits have a critical role to play in coping with economic disasters by providing the “space for conversation” that allows dislocated workers to learn about and connect with the services offered by the workforce system and other nonprofits. Secondly, just as cost-reducing “conversational space” is formed through inter-firm institutional and relational linkages in geography-based industry clusters, nonprofits can create similar linkages through forming institutionalized networks. In forming these networks, they reduce the key type of costs these organizations face—the loss of time and mission effectiveness caused by inadequate information. This “networking effect” reduces incomplete information and builds organizational capacity for nonprofits and workforce development actors in the same ways that geographical clustering and networking benefits firms. Additionally, this networking effect will help dislocated workers reverse the crippling transaction costs they face in adjusting to their short-term financial situation and long-term recovery through retraining. Nonprofits need to institutionalize these networks by creating an “institutional space” for the conversation to take place—in other words, a regular organizational meeting where representatives from nonprofits and the workforce system can come together to prepare and respond to economic disasters. In this way, nonprofits are able to function as labor market intermediaries, connecting up workers to the training demanded by local industry.

Four years after Pillowtex, economic disasters are a grim reality for many communities in rural North Carolina that lack the innate strengths that made the response in Kannapolis so successful. It is hoped that R2R can help address these challenges by mobilizing nonprofit, faith-based, and community-based organizations to connect dislocated workers to resources they need for immediate relief and long-term recovery.

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